



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

OFFICE OF GENERAL COUNSEL

In reply refer to: AP

June 3, 1980

Mr. Jerome Saltzman
Antitrust & Indemnity Group
Office of Nuclear Reactor Regulation
U.S. Nuclear Regulatory Commission
Washington, D.C. 20555

Dear Mr. Saltzman:

At the request of the Eugene Water & Electric Board (EWEB), we have reviewed BPA's obligations under certain agreements with Eugene as such obligations relate to retrospective premiums under the Price Anderson Act (Pub. L. 94-197). BPA is obligated to pay retrospective premiums on behalf of the City of Eugene pursuant to the terms of the Net-Billing Agreements (designated as Contract Nos. 14-03-09181 through 09194).

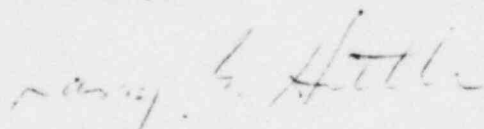
Under the section entitled "Payment by the Administrator" (either section 7 or 8 of such agreements) BPA is obligated to pay all project annual costs of the City of Eugene through net-billing credits or cash payments. Included in project costs are all costs included in the Annual Budget for the project adopted by Eugene each year. Eugene must adopt an Annual Budget which makes provisions for all of Eugene's project costs resulting from the ownership, operation, and maintenance of the project. If an extraordinary item not budgeted occurs during the year, Eugene is obligated to adopt an amended budget which then increases BPA's payment obligation to Eugene for the remainder of the year. Therefore, it is our opinion that Bonneville is obligated to pay costs of operating, including costs of insurance such as that insurance obligation provided through the Price Anderson Act. If in fact the policy which the Nuclear Regulatory Commission issues to the project owners, including Eugene, requires retrospective premiums, these premiums would be operating costs just as the ordinary premiums required under the Price Anderson Act are. Currently BPA is paying as part of the Annual Budget the ordinary Price Anderson premiums on a routine basis.

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In accordance with a previous request of the EWEB, we prepared a letter dated August 5, 1977, which stated our opinion (still valid) that the retrospective premiums were a Bonneville obligation and therefore met the guarantee requirements under Alternative 5 provided in a letter dated June 15, 1977, to the Eugene Water & Electric Board. A copy of this letter was forwarded to your agency by our letter of March 6, 1978.

If we can furnish further information related to our obligation under the Net-Billing Agreements, please let us know.

Sincerely,



Larry G. Hittle
Assistant General Counsel
Bonneville Power Administration

cc:
Mr. Rockne Gill
Schwabe, Williamson, Wyatt,
Moore and Roberts